

House File 609 - Introduced

HOUSE FILE 609

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 150)

A BILL FOR

1 An Act relating to state and local finances by establishing and
2 modifying property assessment limitations, providing for
3 commercial and industrial property tax replacement payments,
4 increasing the regular program foundation base percentage,
5 making appropriations, and including effective date and
6 retroactive applicability provisions.
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

PROPERTY ASSESSMENT LIMITATION AND REPLACEMENT

Section 1. Section 257.3, subsection 1, Code 2013, is amended by adding the following new paragraph:

NEW PARAGRAPH. d. The amount paid to each school district for the commercial and industrial property tax replacement claim under section 441.21A shall be regarded as property tax. The portion of the payment which is foundation property tax shall be determined by applying the foundation property tax rate to the amount computed under section 441.21A, subsection 4, paragraph "a", and such amount shall be prorated pursuant to section 441.21A, subsection 2, if applicable.

Sec. 2. Section 331.512, Code 2013, is amended by adding the following new subsection:

NEW SUBSECTION. 13A. Carry out duties relating to the calculation and payment of commercial and industrial property tax replacement claims under section 441.21A.

Sec. 3. Section 331.559, Code 2013, is amended by adding the following new subsection:

NEW SUBSECTION. 25A. Carry out duties relating to the calculation and payment of commercial and industrial property tax replacement claims under section 441.21A.

Sec. 4. Section 441.21, subsection 4, Code 2013, is amended to read as follows:

4. For valuations established as of January 1, 1979, the percentage of actual value at which agricultural and residential property shall be assessed shall be the quotient of the dividend and divisor as defined in this section. The dividend for each class of property shall be the dividend as determined for each class of property for valuations established as of January 1, 1978, adjusted by the product obtained by multiplying the percentage determined for that year by the amount of any additions or deletions to actual value, excluding those resulting from the revaluation of existing properties, as reported by the assessors on the

1 abstracts of assessment for 1978, plus six percent of the
2 amount so determined. However, if the difference between the
3 dividend so determined for either class of property and the
4 dividend for that class of property for valuations established
5 as of January 1, 1978, adjusted by the product obtained by
6 multiplying the percentage determined for that year by the
7 amount of any additions or deletions to actual value, excluding
8 those resulting from the revaluation of existing properties,
9 as reported by the assessors on the abstracts of assessment
10 for 1978, is less than six percent, the 1979 dividend for the
11 other class of property shall be the dividend as determined for
12 that class of property for valuations established as of January
13 1, 1978, adjusted by the product obtained by multiplying
14 the percentage determined for that year by the amount of
15 any additions or deletions to actual value, excluding those
16 resulting from the revaluation of existing properties, as
17 reported by the assessors on the abstracts of assessment for
18 1978, plus a percentage of the amount so determined which is
19 equal to the percentage by which the dividend as determined
20 for the other class of property for valuations established
21 as of January 1, 1978, adjusted by the product obtained by
22 multiplying the percentage determined for that year by the
23 amount of any additions or deletions to actual value, excluding
24 those resulting from the revaluation of existing properties,
25 as reported by the assessors on the abstracts of assessment
26 for 1978, is increased in arriving at the 1979 dividend for
27 the other class of property. The divisor for each class of
28 property shall be the total actual value of all such property
29 in the state in the preceding year, as reported by the
30 assessors on the abstracts of assessment submitted for 1978,
31 plus the amount of value added to said total actual value by
32 the revaluation of existing properties in 1979 as equalized
33 by the director of revenue pursuant to section 441.49. The
34 director shall utilize information reported on abstracts of
35 assessment submitted pursuant to section 441.45 in determining

1 such percentage. For valuations established as of January 1,
 2 1980, and each assessment year thereafter beginning before
 3 January 1, 2013, the percentage of actual value as equalized
 4 by the director of revenue as provided in section 441.49 at
 5 which agricultural and residential property shall be assessed
 6 shall be calculated in accordance with the methods provided
 7 herein including the limitation of increases in agricultural
 8 and residential assessed values to the percentage increase of
 9 the other class of property if the other class increases less
 10 than the allowable limit adjusted to include the applicable
 11 and current values as equalized by the director of revenue,
 12 except that any references to six percent in this subsection
 13 shall be four percent. For valuations established as of
 14 January 1, 2013, and each assessment year thereafter, the
 15 percentage of actual value as equalized by the director of
 16 revenue as provided in section 441.49 at which agricultural and
 17 residential property shall be assessed shall be calculated in
 18 accordance with the methods provided in this subsection, except
 19 that any references to six percent in this subsection shall
 20 be two percent, and including, for assessment years beginning
 21 on or after January 1, 2013, but before January 1, 2017,
 22 the limitation of increases in agricultural and residential
 23 assessed values to the percentage increase of the other
 24 class of property if the other class increases less than the
 25 allowable limit adjusted to include the applicable and current
 26 values as equalized by the director of revenue, and including,
 27 for assessment years beginning on or after January 1, 2017, the
 28 limitation in subsection 5A.

29 Sec. 5. Section 441.21, subsection 5, Code 2013, is amended
 30 to read as follows:

31 5. a. For valuations established as of January 1, 1979,
 32 commercial property and industrial property, excluding
 33 properties referred to in section 427A.1, subsection 8, shall
 34 be assessed as a percentage of the actual value of each class
 35 of property. The percentage shall be determined for each

1 class of property by the director of revenue for the state in
2 accordance with the provisions of this section. For valuations
3 established as of January 1, 1979, the percentage shall be
4 the quotient of the dividend and divisor as defined in this
5 section. The dividend for each class of property shall be the
6 total actual valuation for each class of property established
7 for 1978, plus six percent of the amount so determined. The
8 divisor for each class of property shall be the valuation
9 for each class of property established for 1978, as reported
10 by the assessors on the abstracts of assessment for 1978,
11 plus the amount of value added to the total actual value by
12 the revaluation of existing properties in 1979 as equalized
13 by the director of revenue pursuant to section 441.49. For
14 valuations established as of January 1, 1979, property valued
15 by the department of revenue pursuant to chapters 428, 433,
16 437, and 438 shall be considered as one class of property and
17 shall be assessed as a percentage of its actual value. The
18 percentage shall be determined by the director of revenue in
19 accordance with the provisions of this section. For valuations
20 established as of January 1, 1979, the percentage shall be
21 the quotient of the dividend and divisor as defined in this
22 section. The dividend shall be the total actual valuation
23 established for 1978 by the department of revenue, plus ten
24 percent of the amount so determined. The divisor for property
25 valued by the department of revenue pursuant to chapters 428,
26 433, 437, and 438 shall be the valuation established for 1978,
27 plus the amount of value added to the total actual value by
28 the revaluation of the property by the department of revenue
29 as of January 1, 1979. For valuations established as of
30 January 1, 1980, commercial property and industrial property,
31 excluding properties referred to in section 427A.1, subsection
32 8, shall be assessed at a percentage of the actual value of
33 each class of property. The percentage shall be determined
34 for each class of property by the director of revenue for the
35 state in accordance with the provisions of this section. For

1 valuations established as of January 1, 1980, the percentage
2 shall be the quotient of the dividend and divisor as defined in
3 this section. The dividend for each class of property shall
4 be the dividend as determined for each class of property for
5 valuations established as of January 1, 1979, adjusted by the
6 product obtained by multiplying the percentage determined
7 for that year by the amount of any additions or deletions to
8 actual value, excluding those resulting from the revaluation
9 of existing properties, as reported by the assessors on the
10 abstracts of assessment for 1979, plus four percent of the
11 amount so determined. The divisor for each class of property
12 shall be the total actual value of all such property in 1979,
13 as equalized by the director of revenue pursuant to section
14 441.49, plus the amount of value added to the total actual
15 value by the revaluation of existing properties in 1980. The
16 director shall utilize information reported on the abstracts of
17 assessment submitted pursuant to section 441.45 in determining
18 such percentage. For valuations established as of January 1,
19 1980, property valued by the department of revenue pursuant
20 to chapters 428, 433, 437, and 438 shall be assessed at a
21 percentage of its actual value. The percentage shall be
22 determined by the director of revenue in accordance with the
23 provisions of this section. For valuations established as
24 of January 1, 1980, the percentage shall be the quotient of
25 the dividend and divisor as defined in this section. The
26 dividend shall be the total actual valuation established for
27 1979 by the department of revenue, plus eight percent of the
28 amount so determined. The divisor for property valued by the
29 department of revenue pursuant to chapters 428, 433, 437,
30 and 438 shall be the valuation established for 1979, plus
31 the amount of value added to the total actual value by the
32 revaluation of the property by the department of revenue as
33 of January 1, 1980. For valuations established as of January
34 1, 1981, and each assessment year thereafter beginning before
35 January 1, 2013, the percentage of actual value as equalized

1 by the director of revenue as provided in section 441.49 at
 2 which commercial property and industrial property, excluding
 3 properties referred to in section 427A.1, subsection 8, shall
 4 be assessed shall be calculated in accordance with the methods
 5 provided herein, except that any references to six percent
 6 in this subsection shall be four percent. For valuations
 7 established as of January 1, 1981, and each year thereafter,
 8 the percentage of actual value at which property valued by
 9 the department of revenue pursuant to chapters 428, 433, 437,
 10 and 438 shall be assessed shall be calculated in accordance
 11 with the methods provided herein, except that any references
 12 to ten percent in this subsection shall be eight percent.
 13 Beginning with valuations established as of January 1, 1979,
 14 and each assessment year thereafter beginning before January
 15 1, 2013, property valued by the department of revenue pursuant
 16 to chapter 434 shall also be assessed at a percentage of its
 17 actual value which percentage shall be equal to the percentage
 18 determined by the director of revenue for commercial property,
 19 industrial property, or property valued by the department of
 20 revenue pursuant to chapters 428, 433, 437, and 438, whichever
 21 is lowest. For valuations established on or after January
 22 1, 2013, but before January 1, 2017, commercial property and
 23 industrial property shall be assessed as provided in paragraphs
 24 "b" and "c", as applicable. For valuations established as
 25 of January 1, 2017, and each assessment year thereafter, the
 26 percentage of actual value as equalized by the director of
 27 revenue as provided in section 441.49 at which commercial
 28 property shall be assessed shall be calculated in accordance
 29 with the methods provided in this subsection, including the
 30 limitation in subsection 5A, except that any references to
 31 six percent in this subsection shall be two percent. For
 32 valuations established on or after January 1, 2017, industrial
 33 property shall be assessed at a percentage of its actual value
 34 equal to the percentage of actual value at which property
 35 assessed as commercial property is assessed for the same

1 assessment year following application of the limitation in
2 subsection 5A, if applicable. For valuations established on
3 or after January 1, 2013, property valued by the department
4 of revenue pursuant to chapter 434 shall be assessed at a
5 percentage of its actual value equal to the percentage of
6 actual value at which property assessed as commercial property
7 is assessed for the same assessment year following application
8 of the limitation in subsection 5A, if applicable.

9 b. For valuations established on or after January 1, 2013,
10 but before January 1, 2017, commercial property, excluding
11 properties referred to in section 427A.1, subsection 8, shall
12 be assessed at a percentage of its actual value, as determined
13 in this paragraph "b". For valuations established for the
14 assessment year beginning January 1, 2013, the percentage
15 of actual value as equalized by the director of revenue as
16 provided in section 441.49 at which commercial property shall
17 be assessed shall be ninety-five percent. For valuations
18 established for the assessment year beginning January 1, 2014,
19 the percentage of actual value as equalized by the director
20 of revenue as provided in section 441.49 at which commercial
21 property shall be assessed shall be ninety percent. For
22 valuations established for the assessment year beginning
23 January 1, 2015, the percentage of actual value as equalized by
24 the director of revenue as provided in section 441.49 at which
25 commercial property shall be assessed shall be eighty-five
26 percent. For valuations established for the assessment year
27 beginning January 1, 2016, the percentage of actual value as
28 equalized by the director of revenue as provided in section
29 441.49 at which commercial property shall be assessed shall be
30 eighty percent.

31 c. For valuations established on or after January 1, 2013,
32 but before January 1, 2017, industrial property, excluding
33 properties referred to in section 427A.1, subsection 8, shall
34 be assessed at a percentage of its actual value, as determined
35 in this paragraph "c". For valuations established for the

1 assessment year beginning January 1, 2013, the percentage
 2 of actual value as equalized by the director of revenue as
 3 provided in section 441.49 at which industrial property shall
 4 be assessed shall be ninety-five percent. For valuations
 5 established for the assessment year beginning January 1, 2014,
 6 the percentage of actual value as equalized by the director
 7 of revenue as provided in section 441.49 at which industrial
 8 property shall be assessed shall be ninety percent. For
 9 valuations established for the assessment year beginning
 10 January 1, 2015, the percentage of actual value as equalized by
 11 the director of revenue as provided in section 441.49 at which
 12 industrial property shall be assessed shall be eighty-five
 13 percent. For valuations established for the assessment year
 14 beginning January 1, 2016, the percentage of actual value as
 15 equalized by the director of revenue as provided in section
 16 441.49 at which industrial property shall be assessed shall be
 17 eighty percent.

18 Sec. 6. Section 441.21, Code 2013, is amended by adding the
 19 following new subsection:

20 NEW SUBSECTION. 5A. In addition to the limitation
 21 of increases for agricultural and residential property
 22 applicable under subsection 4 and the limitation of increase
 23 for commercial property applicable under subsection 5, for
 24 valuations established for the assessment year beginning
 25 January 1, 2017, and each assessment year thereafter, for
 26 residential, agricultural, and commercial property, the
 27 assessed value of each of these three classes of property shall
 28 be limited to the percentage increase of that class of property
 29 that is the lowest percentage increase under the allowable
 30 limit adjusted to include the applicable and current values as
 31 equalized by the director of revenue.

32 Sec. 7. NEW SECTION. 441.21A Commercial and industrial
 33 property tax replacement — replacement claims.

34 1. a. For each fiscal year beginning on or after July
 35 1, 2014, there is appropriated from the general fund of the

1 state to the department of revenue an amount necessary for
2 the payment of all commercial and industrial property tax
3 replacement claims under this section for the fiscal year.
4 However, for a fiscal year beginning on or after July 1, 2018,
5 the total amount of moneys appropriated from the general fund
6 of the state to the department of revenue for the payment
7 of commercial and industrial property tax replacement claims
8 in that fiscal year shall not exceed the total amount of
9 money that was necessary to pay all commercial and industrial
10 property tax replacement claims for the fiscal year beginning
11 July 1, 2017.

12 *b.* Moneys appropriated by the general assembly to the
13 department under this subsection for the payment of commercial
14 and industrial property tax replacement claims are not subject
15 to a uniform reduction in appropriations in accordance with
16 section 8.31.

17 2. Beginning with the fiscal year beginning July 1, 2014,
18 each county treasurer shall be paid by the department of
19 revenue an amount equal to the amount of the commercial and
20 industrial property tax replacement claims in the county, as
21 calculated in subsection 4. For fiscal years beginning on or
22 after July 1, 2018, if an amount appropriated for a fiscal year
23 is insufficient to pay all replacement claims, the director of
24 revenue shall prorate the payment of replacement claims to the
25 county treasurers and shall notify the county auditors of the
26 pro rata percentage on or before September 30.

27 3. On or before July 1 of each fiscal year beginning on or
28 after July 1, 2014, the assessor shall report to the county
29 auditor the total actual value of all commercial property and
30 industrial property in the county for the assessment year used
31 to calculate the taxes due and payable in that fiscal year.

32 4. On or before a date established by rule of the department
33 of revenue of each fiscal year beginning on or after July 1,
34 2014, the county auditor shall prepare a statement, based upon
35 the report received pursuant to subsection 3, listing for each

1 taxing district in the county:

2 *a.* The difference between the assessed valuation of all
3 commercial property and industrial property for the assessment
4 year used to calculate taxes which are due and payable in the
5 applicable fiscal year and the actual value of all commercial
6 property and industrial property for the same assessment year.
7 If the difference between the assessed value of all commercial
8 property and industrial property and the actual valuation of
9 all commercial property and industrial property is zero, there
10 is no tax replacement for that taxing district for the fiscal
11 year.

12 *b.* The tax levy rate per one thousand dollars of assessed
13 value for each taxing district for that fiscal year.

14 *c.* The commercial and industrial property tax replacement
15 claim for each taxing district. The replacement claim is equal
16 to the amount determined pursuant to paragraph "*a*", multiplied
17 by the tax rate specified in paragraph "*b*", and then divided by
18 one thousand dollars.

19 5. For purposes of computing replacement amounts under
20 this section, that portion of an urban renewal area defined as
21 the sum of the assessed valuations defined in section 403.19,
22 subsections 1 and 2, shall be considered a taxing district.

23 6. *a.* The county auditor shall certify and forward one copy
24 of the statement to the department of revenue not later than
25 a date of each year established by the department of revenue
26 by rule.

27 *b.* The replacement claims shall be paid to each county
28 treasurer in equal installments in September and March of each
29 year. The county treasurer shall apportion the replacement
30 claim payments among the eligible taxing districts in the
31 county.

32 *c.* If the taxing district is an urban renewal area, the
33 amount of the replacement claim shall be apportioned and
34 credited to those portions of the assessed value defined in
35 section 403.19, subsections 1 and 2, as follows:

1 (1) To that portion defined in section 403.19, subsection
2 1, an amount of the replacement claim that is proportionate to
3 the amount of actual value of the commercial and industrial
4 property in the urban renewal area as determined in section
5 403.19, subsection 1, that was subtracted pursuant to section
6 403.20, as it bears to the total amount of actual value of
7 the commercial and industrial property in the urban renewal
8 area that was subtracted pursuant to section 403.20 for the
9 assessment year for property taxes due and payable in the
10 fiscal year for which the replacement claim is computed.

11 (2) To that portion defined in section 403.19, subsection 2,
12 the remaining amount, if any.

13 d. Notwithstanding the allocation provisions of paragraph
14 "c", the amount of the tax replacement amount that shall be
15 allocated to that portion of the assessed value defined in
16 section 403.19, subsection 2, shall not exceed the amount equal
17 to the amount certified to the county auditor under section
18 403.19 for the fiscal year in which the claim is paid, after
19 deduction of the amount of other revenues committed for payment
20 on that amount for the fiscal year. The amount not allocated
21 to that portion of the assessed value defined in section
22 403.19, subsection 2, as a result of the operation of this
23 paragraph, shall be allocated to that portion of assessed value
24 defined in section 403.19, subsection 1.

25 e. The amount of the replacement claim amount credited to
26 the portion of the assessed value defined in section 403.19,
27 subsection 1, shall be allocated to and when received be paid
28 into the fund for the respective taxing district as taxes by
29 or for the taxing district into which all other property taxes
30 are paid. The amount of the replacement claim amount credited
31 to the portion of the assessed value defined in section 403.19,
32 subsection 2, shall be allocated to and when collected be paid
33 into the special fund of the municipality under section 403.19,
34 subsection 2.

35 Sec. 8. SAVINGS PROVISION. This division of this Act,

1 pursuant to section 4.13, does not affect the operation of,
2 or prohibit the application of, prior provisions of section
3 441.21, or rules adopted under chapter 17A to administer prior
4 provisions of section 441.21, for assessment years beginning
5 before January 1, 2013, and for duties, powers, protests,
6 appeals, proceedings, actions, or remedies attributable to an
7 assessment year beginning before January 1, 2013.

8 Sec. 9. EFFECTIVE UPON ENACTMENT. This division of this
9 Act, being deemed of immediate importance, takes effect upon
10 enactment.

11 Sec. 10. RETROACTIVE APPLICABILITY. This division of this
12 Act applies retroactively to January 1, 2013, for assessment
13 years beginning on or after that date.

14 DIVISION II

15 SCHOOL DISTRICT FUNDING

16 Sec. 11. Section 257.1, subsection 2, paragraph b, Code
17 2013, is amended by striking the paragraph and inserting in
18 lieu thereof the following:

19 b. (1) The regular program foundation base per pupil is the
20 following:

21 (a) For the budget year commencing July 1, 2012, and the
22 budget year commencing July 1, 2013, the regular program
23 foundation base per pupil is eighty-seven and five-tenths
24 percent of the regular program state cost per pupil.

25 (b) For the budget year commencing July 1, 2014, the regular
26 program foundation base per pupil is eighty-nine and three
27 hundred seventy-five thousandths percent of the regular program
28 state cost per pupil.

29 (c) For the budget year commencing July 1, 2015, the regular
30 program foundation base per pupil is ninety-one and twenty-five
31 hundredths percent of the regular program state cost per pupil.

32 (d) For the budget year commencing July 1, 2016, the regular
33 program foundation base per pupil is ninety-three and one
34 hundred twenty-five thousandths percent of the regular program
35 state cost per pupil.

1 (e) For the budget year commencing July 1, 2017, and
 2 succeeding budget years, the regular program foundation base
 3 per pupil is ninety-five percent of the regular program state
 4 cost per pupil.

5 (2) For each budget year, the special education support
 6 services foundation base is seventy-nine percent of the special
 7 education support services state cost per pupil. The combined
 8 foundation base is the sum of the regular program foundation
 9 base, the special education support services foundation base,
 10 the total teacher salary supplement district cost, the total
 11 professional development supplement district cost, the total
 12 early intervention supplement district cost, the total area
 13 education agency teacher salary supplement district cost,
 14 and the total area education agency professional development
 15 supplement district cost.

16 EXPLANATION

17 This bill relates to state and local government finances
 18 by modifying property assessment limitations, providing for
 19 commercial and industrial property tax replacement payments,
 20 and by increasing the regular program foundation base
 21 percentage.

22 Division I of the bill changes the property tax assessment
 23 limitation percentage for residential property and agricultural
 24 property from 4 percent to 2 percent for assessment years
 25 beginning on or after January 1, 2013.

26 Division I of the bill modifies the methodology in Code
 27 section 441.21(5) currently used to determine the percentage
 28 of actual value at which commercial property and industrial
 29 property are assessed for property tax purposes. The bill
 30 provides that for valuations established for the assessment
 31 year beginning January 1, 2013, the percentage of actual value
 32 at which commercial and industrial property are assessed is
 33 95 percent. For the assessment year beginning January 1,
 34 2014, the percentage of actual value at which commercial and
 35 industrial property are assessed is 90 percent. For the

1 assessment year beginning January 1, 2015, the percentage of
2 actual value at which commercial and industrial property are
3 assessed is 85 percent. For the assessment year beginning
4 January 1, 2016, the percentage of actual value at which
5 commercial and industrial property are assessed is 80 percent.
6 For assessment years beginning on or after January 1, 2017,
7 the percentage of actual value at which commercial property is
8 assessed shall be calculated in accordance with the methodology
9 used to determine the percentage at which commercial property
10 is assessed for assessment years beginning before January 1,
11 2013, except that the percentage of permissible assessed value
12 growth is changed from 4 percent to 2 percent. For assessment
13 years beginning on or after January 1, 2017, the percentage of
14 actual value at which industrial property is assessed shall be
15 equal to the percentage of actual value at which commercial
16 property is assessed for the same assessment year.

17 Division I of the bill also provides that for assessment
18 years beginning on or after January 1, 2017, in addition to the
19 limitations on the growth in taxable value for agricultural
20 and residential property in Code section 441.21(4) and
21 commercial property in Code section 441.21(5), for residential,
22 agricultural, and commercial property, the assessed value of
23 each of these three classes of property shall be limited to
24 the percentage increase of that class of property that is the
25 lowest percentage increase under the allowable limit.

26 Division I of the bill provides that for valuations
27 established on or after January 1, 2013, property valued by the
28 department of revenue pursuant to Code chapter 434 (railway
29 property) is assessed at a percentage of its actual value equal
30 to the percentage of actual value at which commercial property
31 is assessed for the same assessment year.

32 Division I of the bill provides for commercial and
33 industrial property tax replacement payments in new Code
34 section 441.21A. For the fiscal year beginning July 1, 2014,
35 and each fiscal year thereafter, the bill appropriates from

1 the general fund of the state to the department of revenue an
2 amount necessary to pay all commercial and industrial property
3 tax replacement claims for that fiscal year. However, in no
4 fiscal year beginning on or after July 1, 2018, shall the total
5 amount of money appropriated from the general fund of the
6 state for the payment of commercial and industrial property
7 tax replacement claims in that fiscal year exceed the total
8 amount of money that was necessary to pay all commercial and
9 industrial property tax replacement payments for the fiscal
10 year beginning July 1, 2017.

11 Division I of the bill provides that moneys appropriated
12 by the general assembly to the department of revenue under
13 new Code section 441.21A for the payment of commercial and
14 industrial property tax replacement claims are not subject to
15 a uniform reduction in appropriations in accordance with Code
16 section 8.31.

17 For fiscal years beginning on or after July 1, 2018, if
18 an amount appropriated to the department of revenue for a
19 fiscal year is insufficient to pay all replacement claims, the
20 director of revenue shall prorate the replacement payments to
21 the county treasurers and shall notify the county auditors of
22 the pro rata percentage on or before September 30.

23 Division I of the bill requires the assessor to report to
24 the county auditor, on or before July 1 of each fiscal year
25 beginning on or after July 1, 2014, the total assessed value
26 of all commercial property and industrial property for taxes
27 due and payable in that fiscal year. On or before a date
28 established by the department of revenue, the county auditor
29 prepares a statement, based upon the report listing for each
30 taxing district in the county the difference between assessed
31 and actual values of such property located in the taxing
32 district, the tax levy rate per \$1,000 of assessed value for
33 each taxing district, and the property tax replacement claim
34 for each taxing district. The replacement claim is equal to
35 the difference between the assessed valuation of all such

1 property located in the taxing district and assessed for the
2 applicable assessment year and the total actual value of all
3 such property located in the taxing district for the same
4 assessment year, multiplied by the tax rate per \$1,000 of
5 assessed value specified for the taxing district, and then
6 divided by \$1,000. If the difference between the actual and
7 assessed values is zero, there is no replacement claim for the
8 taxing district for that year.

9 Replacement claims are paid to each county treasurer in
10 equal installments in September and March of each year. The
11 county treasurer apportions the replacement claim payments
12 among the eligible taxing districts in the county.

13 Division I of the bill defines a tax increment financing
14 district in an urban renewal area as a taxing district for
15 purposes of allocation of replacement moneys and provides for
16 the method of allocation in those districts.

17 Division I of the bill, pursuant to Code section 4.13, does
18 not affect the application of prior provisions of Code section
19 441.21 to assessment years beginning before January 1, 2013.

20 Division I of the bill takes effect upon enactment and
21 applies retroactively to January 1, 2013, for assessment years
22 beginning on or after that date.

23 Division II of the bill provides for an increase in the
24 regular program foundation base under the state school
25 foundation program. The regular program foundation base is
26 the specified percentage of the regular state program cost
27 per pupil calculation which is paid as state aid to school
28 districts, above and beyond the uniform property tax levy
29 imposed in Code section 257.3. Beginning with the budget
30 year commencing July 1, 2014, the increase is phased in over
31 a period of years from the current regular program foundation
32 base level of 87.5 percent of the regular program state
33 cost per pupil to the level of 95 percent for budget years
34 commencing on or after July 1, 2017.